

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1992 Session of
2025

INTRODUCED BY M. MACKENZIE, GALLAGHER, KUZMA, GAYDOS AND
ZIMMERMAN, OCTOBER 23, 2025

REFERRED TO COMMITTEE ON FINANCE, OCTOBER 24, 2025

AN ACT

1 Amending the act of March 4, 1971 (P.L.6, No.2), entitled "An
2 act relating to tax reform and State taxation by codifying
3 and enumerating certain subjects of taxation and imposing
4 taxes thereon; providing procedures for the payment,
5 collection, administration and enforcement thereof; providing
6 for tax credits in certain cases; conferring powers and
7 imposing duties upon the Department of Revenue, certain
8 employers, fiduciaries, individuals, persons, corporations
9 and other entities; prescribing crimes, offenses and
10 penalties," providing for surplus donation farmer tax credit;
11 and imposing duties on the Department of Community and
12 Economic Development.

13 The General Assembly of the Commonwealth of Pennsylvania
14 hereby enacts as follows:

15 Section 1. The act of March 4, 1971 (P.L.6, No.2), known as
16 the Tax Reform Code of 1971, is amended by adding an article to
17 read:

18 ARTICLE XVIII-I

19 SURPLUS DONATION FARMER TAX CREDIT

20 Section 1801-I. Scope of article.

21 This article relates to a tax credit for farmers who donate
22 surplus agricultural products to a qualified food bank.

23 Section 1802-I. Definitions.

The following words and phrases when used in this article shall have the meanings given to them in this section unless the context clearly indicates otherwise:

"Agricultural production." As defined in section 3 of the act of June 30, 1981 (P.L.128, No.43), known as the Agricultural Area Security Law.

"Agricultural products." Crops and livestock products.

"Department." The Department of Community and Economic Development of the Commonwealth.

"Eligible taxpayer." A farmer who engages in agricultural production within the borders of this Commonwealth and donates agricultural products to a qualified food bank.

"Farmer." A person who is engaged in the active use, management and operation of real and personal property for agricultural production.

"Qualified food bank." A charitable food organization enrolled in the Pennsylvania Agricultural Surplus System.

"Tax credit." A tax credit established under this article. Section 1803-I. Procedure.

(a) Tax credit allowed.--An eligible taxpayer may claim a tax credit against the tax due under Article III for the donation of agricultural products to a qualified food bank. The tax credit for a taxable year shall be the least of the following:

(1) 100% of the sale price of the donated agricultural products.

(2) The fair market value of the donated agricultural products.

(3) \$20,000.

(b) Application and certification.--

1 (1) A tax credit may be claimed only after approval and
2 certification by the department and shall be limited to the
3 amount stated on the certificate issued under section 1804-
4 I(a).

5 (2) An eligible taxpayer must apply to the department
6 for a tax credit in a form and manner specified by the
7 department. The application shall include all of the
8 following:

9 (i) Reasonable proof of the total amount and type of
10 agricultural products donated to the qualified food bank
11 during the taxable year.

12 (ii) Identification of the qualified food bank that
13 received the donation.

14 (iii) Verification and documentation necessary to
15 meet other eligibility requirements as established by the
16 department.

17 (3) A donation of agricultural products must be
18 acknowledged in writing by the qualified food bank and the
19 acknowledgment shall be submitted with the application.

20 (c) Duration and use of tax credit.--A tax credit shall be
21 limited to the liability for tax computed under Article III for
22 the taxable year.

23 (d) Limitations.--A tax credit may not be sold, assigned,
24 passed through, carried back or refunded. A tax credit may be
25 carried forward for one taxable year and may be used only to the
26 extent it cannot be used for the taxable year for which it is
27 first approved. A tax credit may not be applied against tax
28 withheld by an employer from an employee under Article III.
29 Section 1804-I. Approval of tax credit.

30 (a) Review.--The department shall review applications for a

1 tax credit and, in consultation with the Department of
2 Agriculture, shall issue certificates for approved tax credits.

3 (b) Tax clearance.--Before approval, the Department of
4 Revenue shall determine that the applicant has filed all
5 required State tax reports and returns for all applicable
6 taxable years and has paid any balance of State tax due as
7 determined at settlement or assessment or as otherwise
8 determined by the Department of Revenue.

9 Section 1805-I. Departmental duties.

10 (a) Administration.--The department shall administer this
11 article, promulgate regulations and publish the forms necessary
12 to implement this article. The department shall share
13 information with the Department of Revenue to the extent
14 necessary to administer this article and Article III and may
15 consult and exchange information with the Department of
16 Agriculture to verify eligibility and donations.

17 (b) Limitation on amount.--

18 (1) The department may allocate no more than \$5,000,000
19 in tax credits for the taxable year beginning after December
20 31, 2025.

21 (2) The department shall allocate tax credits on a
22 first-come, first-served basis beginning on January 1 of each
23 year.

24 Section 1806-I. Report.

25 (a) Duty to report.--No later than February 1, 2030, the
26 department, in consultation with the Department of Revenue,
27 shall provide a report to the General Assembly on the tax
28 credits issued for taxable years beginning after December 31,
29 2025.

30 (b) Contents of report.--The report shall include all of the

1 following:

2 (1) Background information on eligible taxpayers and
3 other information the department finds relevant to evaluating
4 the effect of the tax credits on charitable donations of
5 agricultural products.

6 (2) The number and amount of tax credits issued.

7 (3) The geographic distribution of tax credits issued.

8 (4) The types of agricultural products most commonly
9 donated by eligible taxpayers.

10 (5) The number and amount of tax credits disallowed.

11 (6) The number and amount of tax credit applications
12 that exceeded the allocation available in each year.

13 Section 1807-I. Expiration.

14 The department may not approve applications for a tax credit
15 under this article for taxable years beginning after December
16 31, 2035.

17 Section 1808-I. Applicability.

18 This article shall apply to taxable years beginning after
19 December 31, 2025.

20 Section 2. This act shall take effect immediately.